
Introduced by Senator TorlaksonFebruary 20, 2003

An act to amend Section 11005 of the Revenue and Taxation Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 407, as introduced, Torlakson. Local government financing.

Under existing law, the Controller is required to allocate vehicle license fee revenues to in the Motor Vehicle License Fee Account to cities, counties, and cities and counties, in the amounts determined under a specified formula. Existing law provides that these allocations are to made on a monthly basis.

This bill would provide that the allocations are to be made on a quarterly basis.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11005 of the Revenue and Taxation
2 Code is amended to read:
3 11005. (a) After payment of refunds therefrom and after
4 making the deductions authorized by Section 11003 and reserving
5 the amount determined necessary by the Pooled Money
6 Investment Board to meet the transfers ordered or proposed to be
7 ordered pursuant to Section 16310 of the Government Code,
8 commencing with the 1989–90 fiscal year, the Controller shall
9 deduct that amount ~~which~~ *that* is necessary to make the allocation
10 provided for in subdivision (j) of Section 98.02. Eighty-one and



1 one-quarter percent of the balance of all motor vehicle license fees
2 and any other money appropriated by law for expenditure pursuant
3 to this section and deposited to the credit of the Motor Vehicle
4 License Fee Account in the Transportation Tax Fund and
5 remaining unexpended therein at the close of business on the last
6 day of ~~the calendar month~~ *each calendar quarter* shall be allocated
7 by the Controller by the 10th day of the following ~~month~~ *calendar*
8 *quarter* in the manner provided by subdivisions (c) and (d).

9 (b) Eighteen and three-quarters percent of the balance shall be
10 allocated, as follows:

11 (1) (A) Commencing with the 1988–89 fiscal year, the
12 Controller shall allocate to each city that existed but did not levy
13 a property tax in the 1977–78 fiscal year, other than for
14 voter-approved indebtedness, an amount equal to the total amount
15 ~~which~~ *that* each of those cities would have received in that fiscal
16 year pursuant to Section 25761 of the Business and Professions
17 Code, Section 4306 of the Public Utilities Code, and Section
18 26483 of this code, as if those sections were operative in that fiscal
19 year in the form in which they existed on June 1, 1981. For each
20 fiscal year thereafter, the Controller shall increase the amount for
21 each city computed pursuant to this paragraph by the percent by
22 which the revenue to the Motor Vehicle License Fee Account
23 increased over the revenue for the previous fiscal year.

24 (B) (i) For each fiscal year following the 1988–89 fiscal year
25 in which a city subject to subparagraph (A) receives a distribution
26 of property tax revenue pursuant to Section 97.35, 97.37, or 97.38,
27 the amount to be allocated to the city pursuant to subparagraph (A)
28 shall be reduced by the amount of the distribution made pursuant
29 to those sections.

30 (ii) No allocation shall be made to a city pursuant to
31 subparagraph (A) in the first fiscal year in which the amount
32 distributed to a city pursuant to Section 97.35, 97.37, or 97.38
33 equals or exceeds the amount that would have been allocated to
34 that city pursuant to subparagraph (A) or in any fiscal year
35 thereafter.

36 (iii) Any amount not allocated to a city pursuant to
37 subparagraph (A) as a result of the operation of this subparagraph
38 shall be allocated to eligible cities in accordance with clause (iv).

39 (iv) Commencing with the 1989–90 fiscal year, the Controller
40 shall allocate the amount determined in clause (iii) for each fiscal

year to each eligible city in the proportion that the population of each eligible city bears to total population of all eligible cities.

For purposes of this clause, “eligible city” means any city ~~which~~ *that* incorporated prior to June 5, 1987, and had an amount of property tax revenue allocated to it pursuant to subdivision (a) of Section 97 in the 1987–88 fiscal year ~~which~~ *that* is less than 10 percent of the amount of property tax revenue computed for the 1987–88 fiscal year in accordance with the method described in subdivision (c) of Section 97.35.

The auditor shall notify the Controller of his or her determination of those cities within the county which are eligible cities.

(2) Each ~~month~~ *quarter* the Controller shall allocate the remainder of the amount determined pursuant to this subdivision to counties and cities and counties in an amount for each county and city and county equal to the revenue received in the 1982–83 fiscal year pursuant to former Section 16111, subdivision (c) of former Section 16113, and former Section 16113.7 of the Government Code. These amounts shall be determined by the Controller with the concurrence of the Director of Finance. The Controller shall allocate any remaining amount determined pursuant to this subdivision to counties and cities and counties in the proportion that the population of each county or city and county bears to the total population of all the counties and cities and counties of the state, as determined pursuant to subdivision (d).

(c) Fifty percent of the payments required by subdivision (a) shall be paid to the cities and cities and counties of this state in the proportion that the population of each city or city and county bears to the total population of all cities and cities and counties in this state, as determined by the population research unit of the Department of Finance. For the purpose of this subdivision, the population of each city or city and county is that determined by the last federal decennial or special census, or a subsequent census validated by the population research unit or subsequent estimate prepared pursuant to Section 2107.2 of the Streets and Highways Code. In the case of a city incorporated subsequent to the last federal census, or a subsequent census validated by the population research unit, the population research unit shall determine the population of the city. In the case of unincorporated territory being



1 annexed to a city subsequent to the last federal census, or a
2 subsequent census validated by the population research unit, the
3 population research unit shall determine the population of the
4 annexed territory by the use of any federal decennial or special
5 census, or estimate prepared pursuant to Section 2107.2 of the
6 Streets and Highways Code. In the case of the consolidation of one
7 city with another subsequent to the last federal census, or a
8 subsequent census validated by the population research unit, the
9 population of the consolidated city, for the purpose of this
10 subdivision, is the aggregate population of the respective cities as
11 determined by the last federal census, or a subsequent census or
12 estimate validated by the population research unit.

13 (d) Fifty percent of the payments required by subdivision (a)
14 shall be paid to the counties and cities and counties of the state in
15 the proportion that the population of each county or city and
16 county bears to the total population of all the counties and cities
17 and counties of the state, as determined by the population research
18 unit. For the purpose of this subdivision, the population of each
19 county or city and county is that determined by the last federal
20 census, or subsequent census validated by the population research
21 unit, or as determined by Section 11005.6.

22 (e) Money disbursed by the Controller to cities and counties
23 pursuant to this section may be used for county or city purposes
24 and may, but need not necessarily, be used for purposes of general
25 interest and benefit to the state.

26 (f) Population changes based on a federal special census or a
27 subsequent census validated by the Department of Finance shall be
28 accepted by the Controller only if certified to him at the request of
29 the city, city and county, or county for which the census was made
30 and shall become effective on the first day of the ~~month~~ *quarter*
31 following receipt of the certification.

